## Science-aligned climate action

The world urgently needs to deliver carbon reductions to keep global warming within 1.5°C Celsius – the limit required to avoid the catastrophic and uncontrollable consequences of climate change.

The following five sustainability programmes address the challenges we are tackling to get there. By scaling our green energy business while delivering carbon reductions, we enable and inspire others to take science-aligned climate action.

### Globally, we are the first energy company to have our 2040 net-zero target and underlying reduction targets for scope 1.5 approved as ‘science-based’ by the Science Based Targets Initiative (SBTi).

### Programmes

1. **Decarbonisation of energy generation and operations**
2. **Decarbonisation of supply chain and wholesale buying and selling of natural gas**
3. **Deployment of offshore wind and onshore renewables**
4. **Creation of heat and power plants**
5. **Integrated and reliable energy systems**

For further information on our underlying data for programme targets and indicators, see our ESG performance report 2021 on pp. 13, 19-23.

### Targets and indicators

<table>
<thead>
<tr>
<th>GHG intensity (scope 1-2) (g CO2e/kWh)</th>
<th>Green share of energy generation (%)</th>
<th></th>
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<tbody>
<tr>
<td>2020</td>
<td>2021</td>
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<td>452</td>
<td>49</td>
<td>99</td>
<td>100</td>
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</tbody>
</table>

| Reduction in carbon emissions (scope 1-3) (MtCO2e, base year 2018) | | Reduction in GHG intensity (scope 1-3) (g CO2e/kWh, base year 2018) | | | |
|---|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 28.3 | 25.3 | 16.2 | 14.6 | 12.3 |

<table>
<thead>
<tr>
<th>Installed offshore and onshore capacity (GW)</th>
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</thead>
<tbody>
<tr>
<td>2018</td>
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<td>2020</td>
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<tr>
<td>9.2</td>
<td>10.9</td>
<td>14.7</td>
<td>20.3</td>
<td>24.7</td>
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</tbody>
</table>

### Actions for the future

- Continue to drive out emissions across scope 1-2, beyond our 58 % reduction target
- Take an active approach in enabling suppliers and others to accelerate supply chain decarbonisation in our industry
- Work with governments, companies, and international organisations to accelerate the global green energy build-out

### Policy and link to more information

- Ørsted Sustainability Commitment
- ESC performance report, section 4.2
- Policy and link to more information
- ESG performance report, section 4.3
- Annual report, pp. 10-11, 19 and 27

### International frameworks of reference

- Paris Agreement
- Greenhouse Gas Protocol and Science-Based Targets initiative
- IPCC Six Assessment Report
- Paris Agreement
- Greenhouse Gas Protocol and Science-Based Targets initiative
- IPCC Sixth Assessment Report
- Paris Agreement
- IPCC Sixth Assessment Report

### Examples of partnerships and collaborations

- Science Based Targets Initiative
- EV100, the Climate Group
- World Wildlife Fund DK
- Energy Transitions Commission
- We Mean Business Coalition
- The Climate Group
- Natural Capital Partnership
- The Climate Pledge
- Re100

### Full Sustainability Programme Report 2021

<table>
<thead>
<tr>
<th>2021</th>
<th>2022</th>
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### Carbon footprint responsibility

- To enable a net-zero world, the energy industry and its suppliers must reduce supply chain emissions for renewables and phase out fossil fuel-based activities such as wholesale buying and selling of natural gas
- We deploy offshore and onshore renewables across our regions, the UK, Continental Europe, North America, and Asia Pacific.

### Carbon footprint responsibility and energy efficiency

- To limit global warming to 1.5°C, the deployment of renewable energy technologies must be accelerated to help phase out coal and other fossil fuels from global energy systems at the pace and scale required by climate science.

### Societal challenge

- To enable a net-zero world, the energy industry and its suppliers must reduce supply chain emissions for renewables and phase out fossil fuel-based activities such as wholesale buying and selling of natural gas

### Our approach

- We have set a science-based target of reducing the emissions intensity in our energy generation and operations with at least 98 % from 2006 to become a carbon-neutral company in 2025.
- This covers emissions from generation of heat and power and our operations, including the vessels servicing our wind farms, our vehicles, and our sites (scope 1 and 2). We will offset any residual emissions through carbon removal projects to become carbon-neutral in 2025.
- We have reduced the GHG intensity of our energy generation and operations by 87 % since 2006 to 58 g CO2e/kWh in 2021.
- We have set clear reduction targets across all scopes. In our supply chain, we have progressed across our strategic levers to bring down emissions:
  - We have partnered with CDP (formerly the Carbon Disclosure Project) to promote a transparent and uniform way of measuring and disclosing emissions in our supply chain. Of our 34 key strategic suppliers, 97 % have successfully disclosed to the CDP this year
  - We have decided that our strategic suppliers should produce and deliver their products and services to us using 100 % green electricity by 2025 at the latest. In 2021, 64 % of our suppliers used 100 % green electricity.
  - Additionally, a growing number of our suppliers have committed to having science-based targets, and four targets have been approved by the SBTi.
- We are co-founders of the Climate Group’s Steel Zero Initiative and the World Economic Forum’s (WEF) First Movers Coalition, with the aim to drive the cross-sectoral innovation journey needed to decarbonise steel.
- We are the first energy company in the world to have a science-based net-zero target verified by the SBTi. With our 2040 net-zero target, we have set clear reduction targets across all scopes. In our supply chain, we have progressed across our strategic levers to bring down emissions:
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Green energy in balance with nature
Nature, and its variety of species and habitats, regulates the well being of our planet, and it is in crisis. Building green energy is a lifesaver for nature – but it also involves impacts on nature that we need to manage.

With the following four sustainability programmes, we address the challenges linked to the impacts on biodiversity and natural resources.

Our progress

- We have set an ambition for biodiversity and commitment to ensuring that all projects commissioned from 2030 must have a net-positive biodiversity impact.
- We have joined the Science Based Targets Network’s (SBTN) Corporate Engagement Program to help develop and advance tools for measuring our impact and dependency on biodiversity.
- At our Borssele 1 & 2 Offshore Wind Farm in the Netherlands, we are creating artificial reefs for the Atlantic cod, which plays a key role in the food chain and local ecosystem.
- We have partnered with WIPF and deployed ten biohuts in the Port of Grenaa to help preserve the cod stock in Denmark’s Kattegat straits, where population numbers are critically low, negatively impacting ecosystems.
- We are leading the WIPF’s Coalition-Linking Energy and Nature for Action, which unites leading international organisations involved with energy and nature issues, government representatives, NGOs, and businesses.

Actions for the future

- Measures our biodiversity impacts across all of our operations and build a systematic approach for integrating net-positive biodiversity initiatives into our development of green energy projects. Ensure that our approach is science-based by continuously working with SBTN’s Corporate Engagement Program.

Our governance

- Accountability lies with our Executive Committee.

Policy and link to more information

- Ørsted Offshore wind biodiversity policy
- ESG performance report, section 4.6 and 4.7
- EU Biodiversity Strategy to 2030
- UN 2020 Aichi Biodiversity Targets
- UNCCD Sustainable Oasis Principles
- EU Biodiversity Strategy to 2030

International frameworks of reference

- The EU Birds and Habitats Directive
- UN 2020 Aichi Biodiversity Targets
- UNCCD Sustainable Oasis Principles
- EU Biodiversity Strategy to 2030

Examples of partnerships and collaborations

- World Wildlife Foundation
- Rutgers University, Woods Hole Oceanographic Institution, and the University of Rhode Island – ECO-WHIP project
- UNCCD Action Platform for Sustainable Ocean Business
- University of Aberdeen and North Highland Catchments Environmental Research Institute - Predit Project.

Targets and indicators

Red List species recorded in areas with Ørsted offshore operations (number)

SDG contribution

UN SDG No. 13. Programme 7 and 8
UN SDG No. 14. Programme 6
UN SDG No. 15. Programme 6 and 9

Green energy deployment
Coal continues to be the most widely used fuel for power generation globally even though it is the most carbon-intensive fossil fuel. To limit climate change, a complete phase-out of coal is urgently needed.

Our approach

We are phasing out coal from our combined heat and power (CHP) plants by replacing it with certified sustainable biomass and by closing down coal-fired capacity. We aim to completely phase out our use of coal at the end of Q1 2023.

Our progress

- We have completed our coal-to-biomass conversion programmes for all of our seven CHP plants in Denmark, but we have two remaining units running on coal at our plants in Esbjerg and Stubbup in Denmark.
- Our coal-biased unit at Stubbup will close at the end of Q1 2022, and our CHP plant (375 MW) located in Esbjerg, will close at the end of Q1 2023 at the latest. With these closures, we will have completely phased out use of coal.
- Until April 2023, fluctuations in our coal consumption are expected due to our obligation to provide ancillary services in Denmark and contribute to stable grid operations.
- In 2021, we saw an increase in coal consumption at our two remaining coal-based units. The increase was driven by higher power prices and higher CHP generation due to increased heat and power demand from colder weather and low wind speeds.
- In 2021, we have taken important steps towards growing our current pipeline of projects within Power-to-X solutions – Three of our Power-to-X projects & Green Hydrogen, WestSideHyS, SCALE, and Green Fuels for Denmark were shortlisted to participate in the European IPCEI process for hydrogens. We expect the outcome of the IPCEI process to be announced in the first half of 2022.
- With the SeCHLand project, we are working on a 1 GW renewable hydrogen production facility to decarbonise the production of ammonia, steel, ethylene, and fuels in the Dutch-Ramshøj North Sea Port cluster.
- In Denmark, we further matured our flagship Power-to-X project Green Fuels for Denmark by signing an MOU with HOFOR to offshore power from its offshore wind farm, Aalborgshavnen. Additionally, we identified the straw boiler at Avedøre Power Station as the best source of sustainable CO2s for the production of e-fuels.
- In 2021, we also commenced construction of the pioneering H2RES project in Denmark, an electrolysis plant which will produce renewable hydrogen for road transport in the Greater Copenhagen area.

Green energy for heavy industry and transport, and reliable energy systems
To help balance supply and demand of green energy, store energy and use green power to decarbonise industries where emissions are particularly hard to abate, new technologies must be tested, piloted, and scaled to fully decarbonise the world’s energy consumption.

We explore and develop solutions to produce renewable hydrogen to displace fossil fuels in sectors that are difficult to electrify, such as heavy industry and transport.

Our progress

- We have taken important steps towards growing our current pipeline of projects within Power-to-X solutions – Three of our Power-to-X projects & Green Hydrogen, WestSideHyS, SCALE, and Green Fuels for Denmark were shortlisted to participate in the European IPCEI process for hydrogens. We expect the outcome of the IPCEI process to be announced in the first half of 2022.
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- In 2021, we also commenced construction of the pioneering H2RES project in Denmark, an electrolysis plant which will produce renewable hydrogen for road transport in the Greater Copenhagen area.

Actions for the future

Zero coal from Q2 2023 and investigate potential to substitute the remaining use of natural gas and fossil oil with sustainable alternatives.

Take an active role in testing and scaling new energy technologies that can enable an acceleration of the green energy build-out.

Our governance

Accountability lies with the Chief Operating Officer.

Policy and link to more information

- ESG performance report, section 3.2.3 and 4.5
- Annual report, pp. 51-52

International frameworks of reference

- Paris Agreement
- IPCC Sixth Assessment Report

Examples of partnerships and collaborations

- PoweringPast Coal Alliance
- Better Coal

Targets and indicators

Coal consumption (million tonnes)

Build a global leadership position in renewable hydrogen and green fuels.

Nature, and its variety of species and habitats, regulates the well being of our planet, and it is in crisis. Building green energy is a lifesaver for nature – but it also involves impacts on nature that we need to manage.

With the following four sustainability programmes, we address the challenges linked to the impacts on biodiversity and natural resources.

Our approach

We commit to ensuring that all projects commissioned from 2030 must have a net-positive impact. We conduct detailed environmental assessments, engage in dialogue with relevant stakeholders, and provide support for scientific knowledge-building and R&D.

Our progress

- We have set an ambition for biodiversity and commitment to ensuring that all projects commissioned from 2030 must have a net-positive biodiversity impact.
- We have joined the Science Based Targets Network’s (SBTN) Corporate Engagement Program to help develop and advance tools for measuring our impact and dependency on biodiversity.
- At our Borssele 1 & 2 Offshore Wind Farm in the Netherlands, we are creating artificial reefs for the Atlantic cod, which plays a key role in the food chain and local ecosystem.
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- We are leading the WIPF’s Coalition-Linking Energy and Nature for Action, which unites leading international organisations involved with energy and nature issues, government representatives, NGOs, and businesses.

Actions for the future

- Measures our biodiversity impacts across all of our operations and build a systematic approach for integrating net-positive biodiversity initiatives into our development of green energy projects. Ensure that our approach is science-based by continuously working with SBTN’s Corporate Engagement Program.

Our governance

Accountability lies with our Executive Committee.

Policy and link to more information

- Ørsted Offshore wind biodiversity policy
- ESG performance report, section 4.6 and 4.7

International frameworks of reference

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- UN 2020 Aichi Biodiversity Targets
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- Rutgers University, Woods Hole Oceanographic Institution, and the University of Rhode Island – ECO-WHIP project
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Targets and indicators

Red List species recorded in areas with Ørsted offshore operations (number)
7. Circular resource use

Sustainability challenge
Circular use of resources and water scarcity

Our approach
To achieve a more sustainable use of resources, we are transitioning to become a company with a circular economy based on three strategic pillars: (i) We will use fewer virgin resources where possible, (ii) We will use resources better and for longer, (iii) We will recalculate resources upon end of life.

Our progress
• In 2021, we performed a full-scale life cycle assessment of our Changhua projects in Taiwan to get an updated overview of the environmental footprint across all components of an Ørsted offshore wind farm. This will form the basis of an in-house tool to support our strategy on resource use for future projects.
• We constantly strive to improve our recycling rates from all waste fractions. This year, we have made a commitment to immediately ban landfilling of all our wind turbine blades, instead seeking to reuse, recycle, or recover the materials. This will bring us closer to a fully recyclable wind farm.
• We have reduced our total volume of hazardous waste by 65 % from 2020 to 2021. However, removing this waste has caused our recycling rate to drop from 62% to 67%.
• Our total volume of non-hazardous waste increased this year due to increased power generation at our CHP plants. The waste from our plants is primarily ashes from our use of sustainable biomass.

Actions for the future
We will start looking at how we can implement circularity within our operations of sourcing all wind farm components (foundations and wind turbine wind blades) while establishing practices for performing life-time extensions and for circular decommissioning of full wind farms.

Our governance
The Sustainability Committee oversees the circular resource strategy. The GHG Committee ensures that implementation is carried out by the individual business units.

Policy and link to more information
• Ørsted GHG policy
• Ørsted Resource management policy
• Ørsted Water management policy
• ESG performance report, section 4.6

International frameworks of reference
• The EU Directive on waste 2008/98
• EU waste hierarchy and waste directive
• Global Reporting Initiative: 36:2020
• Global Reporting Initiative: 303: Water and effluents 2018

Examples of partnerships and collaborations
• DecomBlades, partly funded by Innovation Fund Denmark
• WindEurope
• Kolumbou Symbiosis

Targets and indicators
Total amount of waste diverted from disposal (%) 
Blade waste to repair, reuse or recycle (%)

8. Minerals and metals

Societal challenge
Minerals and metals for green energy deployment
The build-up of wind turbines and offshore wind power will increase mining activities for certain requisite metals and minerals. Since a significant share of the global extraction and production of those resources takes place in countries with high likelihood of negative social and environmental impacts, there is an increased risk of adverse impacts on supply chains.

Our approach
• We have mapped and prioritised ten metals which we use in our offshore and onshore operations.
• We have started a dialogue with ten key suppliers to understand the current level of supply chain transparency for priority metals, and whether social and environmental risks within these networks have been identified.
• We have joined the cross-industry Initiative for Responsible Mining Assurance (IRMA) which focuses on responsible mining practices. With our membership, we want to promote responsible mining practices in our supply chains and learn how other IRMA members are addressing societal and environmental risks in their supply chains.

Our progress
• We have started looking at how we can implement circularity through good service and repair. Knowing that unfortunately, we cannot always save our blades through good service and repair. Knowing that we therefore need flexible recycling and recovery solutions, we do our utmost to support the industry in accelerating the development of circular end-of-life alternatives.
• We do this by engaging in close dialogue with established businesses, start-ups, and innovation projects trying to develop and mature these technologies and making sample materials for testing and analysis available.

Finally, during the last year, we have taken active part in the maturing of recycling solutions by driving the cross-sector research project DecomBlades together with leading industry players across the full value chain. Funded by Innovation Fund Denmark, and running until 2023, we look forward into how we can recycle and recover blade materials through mechanized shredding, pyrolysis, and cement co-processing.

9. Sustainable biomass

Societal challenge
Biomass sustainability
To ensure significant carbon savings compared to coal, the biomass used for energy generation must meet strict sustainability criteria and be sourced from certified sustainable forests.

Our approach
• We only procure 100 % third-party certified sustainable biomass and will maintain that level going forward.
• We report annually on the biomass feedstock types we use, countries of harvest, and the carbon emissions from production and transport to ensure transparency in our approach.
• This year, a new Danish law on biomass has been passed which sets higher standards for companies to document transport, traceability, carbon reductions, third-party certifications, etc.

Our progress
• We report annually on the biomass feedstock types we use, countries of harvest, and the carbon emissions from production and transport to ensure transparency in our approach.
• We have joined the cross-industry Initiative for Responsible Mining Assurance (IRMA) which focuses on responsible mining practices. With our membership, we want to promote responsible mining practices in our supply chains and learn how other IRMA members are addressing societal and environmental risks in their supply chains.

Actions for the future
To be able to address specific societal and environmental risks in our metal supply chains, we need a clearer understanding of how priority metals used in our renewable energy are sourced. We will continue to investigate this in collaboration with our first-tier suppliers and industry initiatives.

Our governance
Accountability lies with the Head of Group Stakeholder Relations, and the Head of Procurement. Implementation is carried out by our Responsible Business Partner Programme (RBP) team in collaboration with QHSE and Procurement.

Policy and link to more information
• Ørsted Code of Conduct for business partners
• Ørsted Sustainable biomass policy
• Ørsted Sustainable forest management Food and Agriculture Organization of the United Nations
• OCED Guidelines for Multinational Enterprises
• OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
• EU recast Renewable Energy Directive

International frameworks of reference
• UN Guiding Principle on Business and Human Rights
• EU recast Renewable Energy Directive
• Convention on Biological Diversity
• Sustainable Forest Management Implementation - Forest Europe
• Sustainable forest management Food and Agriculture Organization of the United Nations
• Sustainable forestry in EU/International Partnerships
• Danish law on sustainable biomass for energy production

Examples of partnerships and collaborations
• Initiative for Responsible Mining Assurance (IRMA)
• WindEurope Sustainability Working Group
• Sustainable Biomass Programme (SBP)
• Forest Stewardship Council (FSC)

Targets and indicators
The ten metals mapped and prioritised in our offshore and onshore operations are: nickel, manganese, rare earth elements, silicon, tellurium.
A green transformation that works for people

The green transformation will involve and impact the lives of millions of people in supply chains, local communities and employees, working to make it happen.

With the following five sustainability programmes, we address the challenges associated with the transformation, and our aspiration to lead a build-out of green energy that is inclusive, enabling and creates local benefits.

Programmes
10. Local communities
11. Human rights
12. Inclusion of diversity
13. Employee safety, health and well-being
14. Employee development and satisfaction

For further information on our underlying data for programme targets and indicators, see our ESG performance report 2021 on pp. 30-33.

Our contribution to a just transition in Taiwan

We believe that a transition perceived as ‘just’ is more likely to be seen as worthwhile by the local communities whose participation is crucial for a build-out of green energy in Taiwan, we are taking the first steps.

Programme

Sustainability challenge

Local community impact and job creation

The green build-out must benefit the local communities that host renewable energy projects. To ensure local support, it is increasingly critical to meet local stakeholder expectations of jobs and community contributions while addressing any concerns.

Our approach

Our renewable energy projects form a very tangible part of the communities in which they are built. Through systematic engagement, it is our ambition to create shared benefits with local communities and enable them to take part in and benefit from the green energy transition.

Our progress

+ We continue to engage with locally elected officials, suppliers, educational institutions, NGOs, and commercial fisheries. For example:
  - In the US, we have partnered with 25Green Solutions in New Jersey to support the re-use, training, and infrastructure required for crew-electric truck fleet at the Port of Newark.
  - In Germany, we collaborated with the municipalities in East Frisia by sponsoring the decommissioned Bookmimff lightship in the Buxton Harbour. The ship serves as a local tourist attraction, providing a range of information about the history and special habitat of the Wadden Sea.
  - In the UK, we awarded more than GBP 330,000 in grants to 16 organisations from coastal communities in Cumbria and Lancashire as part of our Walney Extension Community Fund. Since 2016, we have supported 164 projects in the region with more than GBP 3 million.
  - In Taiwan, funds from Ørsted Offshore Wind Industrial Development Fund (IDF) made it possible to train over 70 local people in welding and safety, most of whom work for suppliers to our Greater Changhua wind farms.

Actions for the future

Further strengthen each market’s ability to successfully implement impactful local community initiatives and partnerships by updating our programmatic approach to local community engagement with tools tailored to stakeholder needs.

Our governance

Accountability lies with our Chief Commercial Officer and our Chief Executive of Onshore Operations. The heads of public and community engagement with tools tailored to stakeholder needs.

Policy and link to more information

+ Ørsted Stakeholder Engagement Policy
+ Ørsted Human Rights Policy

International frameworks of reference

+ United Nations Guiding Principles on Business and Human Rights
+ International Finance Corporation Performance Standards on Social and Environmental Sustainability

Examples of partnerships and collaborations

+ Story Board University, New York
+ Da-Yeh University, Taiwan
+ Delaware Center for the Environment

Targets and indicators

Local communities engagement

We are keen to find ways of building renewable energy solutions which benefit people and local communities. For us, this is about transitioning to a net zero economy while creating green, decent jobs and supporting thriving communities.

Needs and expectations vary across communities, and most are best addressed through collaboration at an industry level, or with policymakers and educational institutions. It is complex, and we are still exploring the best ways to support a just transition.

We believe that a transition perceived as ‘just’ is more likely to be seen as worthwhile for the local communities whose participation is crucial for a build-out of green energy in Taiwan, we are taking the first steps.

Talent development is key to supplier development. The Taiwanese government has set ambitious targets to develop a world-class offshore wind supply chain. We want to play our part in making this happen by expanding local supply chains, strengthening the capabilities of local talents, and supporting local innovation.

We have initiated the Wind Power Supply Chain Platform in Taiwan to do so. In collaboration with the Metal Industries Research & Development Centre (MIRD), the platform aims to match local small- and medium-sized companies with demand for products and services during the construction, operation, and maintenance of offshore wind farms. Including engineering consulting, and procurement of safety equipment related to all offshore wind farms in Taiwan.

However, to develop a local supply chain and contribute to a just transition towards a green economy, it is not sufficient to simply work with suppliers. We believe it is necessary to also take an active part in ensuring that our suppliers have access to a pool of local talent and can upgrade their offshore wind technologies.

Therefore, to complement our collaboration with local suppliers in Taiwan, we seek to develop local talents able to work with us and our suppliers. We are currently doing this through our Offshore Wind Industrial Development Fund (IDF). Through the IDF, we support the training of local people in welding and safety, most of whom work for suppliers to our Greater Changhua wind farms. We also sponsor the specific research and technology development projects of ten local companies. One of these, Data Surpass, aims to upgrade its unmanned vehicles to weather the powerful waves of the Taiwan Strait.
11. Human rights

- **Sustainability challenge**
  - Human rights due diligence
    - Operating in geographies and markets with prominent human rights risks increases a company’s responsibility to ensure that it and its suppliers and business partners operate in line with international human rights standards.

- **Our approach**
  - We want to ensure that human rights are respected across our operations, suppliers, and business partners. We identify our most salient human rights risks through human rights impact assessment and address any risks identified through improvement initiatives in our operations or with our business partners. Going forward, we will implement human rights impact assessments on an even more regular basis.

- **Our progress**
  - We have a Responsible Business Partner Programme (RPP) which we use to manage human rights risks in our supply chain (see programme 15).
  - In 2021, we initiated a project to strengthen our human rights approach as we expand into areas and markets with a higher risk of human rights violations.
  - We have also developed a new human rights policy covering our own operations and providing links to other programmatic responses already in place which also cover human rights.
  - We have anchored our human rights efforts in our Sustainability Committee to assign accountability for our human rights work among top management.
  - We have also developed a new human rights policy committed to the United Nations Guiding Principles on Business and Human Rights.
  - We have introduced employee diversity dashboards to measure gender, nationality, and age across career levels and business areas to increase transparency and strengthen accountability among top management and team leaders.

12. Inclusion of diversity

- **Diversity and equal opportunity**
  - Companies have a responsibility to attract and develop their workforce and develop a supply chain that reflects the diversity of the communities in which they operate. This is essential to support an inclusive and equitable build-out of green energy.

- **Our approach**
  - We want to build an organisation where diversity, equity, and inclusion accelerate our global growth. Our ambition is to embed it in our business strategy and all our talent decisions; (ii) central to our sustainability agenda and regulatory requirements; (iii) global in approach and tailored to local needs; (iv) defined broadly across visible and invisible diversity; and (v) informed by data so we act on evidence and track progress.

- **Our progress**
  - We have matured our inclusion networks into a global movement of more than 1,000 members, with a network in every region supported by senior leaders.
  - We have developed ‘diversity dashboards’ to track and evaluate our progress - data that is not regulated or the sensitivity of the data.

- **Actions for the future**
  - Strengthen our adherence to the UN Guiding Principles by bolstering our human rights policy commitment, conducting regular human rights impact assessments, and improving our reporting, our grievance mechanisms, and access to remedies.
  - Improve our strategic approach to diversity, equity, and inclusion so that it embeds inclusion of diversity in all our People & Development processes, makes it a core part of how we work with our suppliers, and identifies ways for us to grow and diversify the pool of talent seeking to work within renewable energy.

- **Our governance**
  - The Sustainability Committee oversees the Human rights policy, monitors its implementation, approves the human rights impact assessment of our own operations, and approves external human rights reporting.
  - Accountability lies with the Chief Human Resources Officer and the Executive Committee. In the UK, the Diversity Committee oversees and approves activities, and a People Leadership team endorses activities driven globally.

- **Policy and link to more information**
  - Human rights policy.
  - Stakeholder engagement policy.
  - Ørsted Global inclusion and diversity policy.
  - Bullying and harassment policy.
  - ESG performance report, section 5.1 and 5.2

- **International frameworks of reference**
  - UN Guiding Principles on Business and Human Rights.
  - OECD Guidelines for Multinational Enterprises.
  - IFC Performance Standards.
  - ILO Core Conventions.
  - UN LGBTI Standards of Conduct for Business.
  - UN Convention on Discrimination Against Women.
  - UN Women Working Group.

- **Examples of partnerships and collaborations**
  - UN.
  - WorldPride for 2021.
  - EHEA.DLI network.
  - POWERful Women UK.
  - Women in Engineering.

- **Targets and indicators**
  - Delivered human rights impact assessment (HRIA) of own operations in 2022.
  - Gender balance in total workforce (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>30.70</td>
<td>36.69</td>
<td>40.60</td>
</tr>
</tbody>
</table>

11.1 Human rights

- We have also developed a new human rights policy committed to the United Nations Guiding Principles on Business and Human Rights.

- In 2021, we initiated a project to strengthen our human rights approach as we expand into areas and markets with a higher risk of human rights violations.

- We have also developed a new human rights policy covering our own operations and providing links to other programmatic responses already in place which also cover human rights.

- We have anchored our human rights efforts in our Sustainability Committee to assign accountability for our human rights work among top management.

- Actions for the future

  - Strengthen our adherence to the UN Guiding Principles by bolstering our human rights policy commitment, conducting regular human rights impact assessments, and improving our reporting, our grievance mechanisms, and access to remedies.

  - Improve our strategic approach to diversity, equity, and inclusion so that it embeds inclusion of diversity in all our People & Development processes, makes it a core part of how we work with our suppliers, and identifies ways for us to grow and diversify the pool of talent seeking to work within renewable energy.

- Our governance

  - The Sustainability Committee oversees the Human rights policy, monitors its implementation, approves the human rights impact assessment of our own operations, and approves external human rights reporting.

- Policy and link to more information

  - Human rights policy.
  - Stakeholder engagement policy.

- International frameworks of reference

  - UN Guiding Principles on Business and Human Rights.
  - OECD Guidelines for Multinational Enterprises.
  - IFC Performance Standards.
  - ILO Core Conventions.

- Examples of partnerships and collaborations

  - UN.

- Targets and indicators

  - Delivered human rights impact assessment (HRIA) of own operations in 2022.

We have stepped up our inclusion of diversity ambitions

At Ørsted, we want to run an inclusive and diverse business. We believe that creating an organisation that is inclusive of diversity is necessary to address fundamental inequalities in our society. And we find that it is also good business, as a diverse employee group that feels empowered and enabled leads to more diverse perspectives essential to foster nuanced debates and better business decisions. Nuances that are becoming increasingly important as we expand our business across more countries and cultures.

To us, increasing the inclusion of diversity in our organisation is about creating fair and transparent hiring and promotion practices free from unconscious bias. It is about creating a culture where inclusion and diversity are valued from both the top of and across our entire organisation. And it is about having sufficient data to track and evaluate our progress - data that is not always easy to obtain due to either data protection regulation or the sensitivity of the data.

We have begun our journey towards making Ørsted an even better place to work for everyone - a workplace inclusive of diversity of lifestyle, work experience, educational background, ethnicity, age, culture, disability, gender, and sexual orientation.

This year, we made good progress on our ambition to improve our gender balance. In the fall, we renewed our commitment to a greater gender balance. Our new ambition is to have at least a 40/60 balance across Ørsted by 2030. We will track this at three levels: senior director and above, people managers, and all employees.

Each business area will contribute to progress, with its own personalised ambitions to match its unique challenges.

Yet, setting new ambitions is one thing. We must also build the database needed to evaluate our progress and assign accountability for our ambitions that ensures steady progress across our organisation. To do this, we have developed ‘diversity dashboards’ that enable us to track our gender balance in real time across all career levels and business areas. This helps us to identify our most prominent challenges, which we use to promote gender balance and integrate detailed action plans into our daily business operations. And, as our database develops, we will be able to identify challenges and set new ambitions that go beyond achieving a fair gender balance.

In addition, each member of our Management Team has developed action items to achieve our inclusion of diversity ambitions in their individual development plans. And our Executive Committee decided to anchor our new ambitions firmly in our governance structure by linking our inclusion of diversity ambitions directly to our short-term incentive scheme (STI). These decisions effectively assign responsibility and accountability for our new ambitions and ensure that progress is anchored both among our key decision-makers and broadly across our business functions.
Goverance that enables the right decisions

To make business a force for good, all decisions and processes across the organisation need to pull in the same direction. This requires carefully considered business governance.

With the following five sustainability programmes we address the challenges that enables to governance that enabes the right decisions.

Our aspiration is to have sustainability and integrity integrated in processes and decision-making across the organisation

Programmes

15. Responsible business partners
16. Competitive conduct
17. Responsible tax practice
18. Sustainable finance
19. Information and cyber security

For further information on our underlying data for programme targets and indicators, see our ESG performance report 2021 on pp. 10-11, 36-40.

Full Sustainability Programme Report 2021

Sustainability challenges

Business partner due diligence and labour rights for contractors

Companies have a responsibility to run their business and supply chain free from labour and human rights violations, corruption, and environmental risks to mitigate adverse impacts on workers, communities, and the natural environment, and to meet legislative requirements.

Our approach

Our Responsible Business Partner Programmes (RPP) is based on a systematic due diligence process used to assess partners’ and suppliers’ adherence to our code of conduct (COC) for business partners. We identify performance gaps through screenings and assessments, and we act on our findings through supplier-driven corrective and preventive improvement plans.

Our progress

• We have updated our code of conduct for business partners to better describe requirements and aspirations.
• To further strengthen implementation and reporting, we have established a new ESG Supplier Due Diligence Steering Committee with broader scope and business representation.
• We have piloted a worker interview approach focusing on migrant workers in high-risk countries to improve our workplace assessment.
• We have helped develop a self-assessment questionnaire standard for the wind industry through WindEurope, aiming at reducing the future due diligence burden on suppliers and improving transparency.
• We have implemented onboarding training targeting all new employees in Procurement to strengthen programme implementation.
• We have completed the onboarding of our US Onshore ESG Supplier Due Diligence team.
• We have updated our due diligence procedure for biomass suppliers to better reflect supplier risks.

Actions for the future

Strengthen our adherence to the UN Guiding Principles by bolstering our human rights impact assessment of our suppliers and new markets. We must also strengthen our screenings and assessments of business partners where we could be linked to adverse impacts.

Our governance

Accountability lies with the Head of Group Stakeholder Relations, who also chairs the ESG Supplier Due Diligence Steering Committee. Implementation is carried out by our Responsible Business Partner team in collaboration with procurement and commercial professionals.

Policy and link to more information

• Ørsted Code of Conduct for business partners
• ESG performance report, section 6.4

International frameworks of reference

• UN Guiding Principles on Business and Human Rights
• OECD Guidelines for Multinational Enterprises
• IFC Performance Standards
• ILO Core Conventions
• UK Modern Slavery Act and UK Bribery Act
• WindEurope Industry Principles

Examples of partnerships and collaborations

• The Initiative for Responsible Mining Assurance (IRMA)
• Danish Ethical Trade Initiative
• WindEurope Sustainability Working Group

Targets and indicators

Risk screenings on all sourcing contracts above DKK 3 million (incl. extended screenings) and CCoC assessments conducted (number)

SDG contribution

UN Goal No. 8: Programmes 15 and 18
UN Goal No. 11: Programmes 15 and 17
UN Goal No. 16: Programmes 15, 16, 17, and 18

Our progress

• We have launched a five-year QHSE strategy focusing on QHSE leadership, supplier engagement, knowledge management, governance, and process excellence, and we have set key QHSE priorities.
• A new QHSE scorecard focusing on performance monitoring (e.g. occupational incidents) and process monitoring (e.g. audits) allows for more holistic change decisions.
• An increased share of our employees are experiencing stress, likely due to numerous compounding factors, including but not limited to, organisational changes, rapid global growth, increased workload, and the ongoing COVID-19 pandemic.
• We have seen an increase in our Learning & Talent Development and Diversity & Talent teams to increase our voice support for this agenda.
• We ran our annual global Virtual Learning Week focusing on two of our six core capabilities. Globally, more than 20% of employees attended virtual sessions led by internal and external speakers.
• We have increased the number of openness on our high-potential programmes to meet business demand. When we identify participants, we aim for a good gender balance, and this year had a 40/60 division – placing us two years ahead of our gender balance ambition.
• We have begun piloting a new framework, which we intend to roll out company-wide in 2022. The framework is designed to provide more transparency across career opportunities and enable people to take more ownership of career development in line with their aspirations.
• We have not yet met our employee satisfaction rate target of top 10% compared to external benchmarks, covering a period where organisational changes, rapid global growth, and increased workloads affected employees’ work lives.

Actions for the future

Continue to develop resources, tools, and services to improve the safety, health, and well-being of our employees.

Our Executive Committee will continue to engage directly with our organisation on our updated strategy to ensure that all employees understand how their work contributes to our company vision.

Our governance

Accountability lies with the Chief Human Resources Officer, and the Vice President of QHSE is accountable for all safety matters.

Accountability lies with the Chief Human Resources Officer. The Man Cooperation Committee, comprised of employee representatives, and the Executive Committee oversee the results of the engagement survey. Our People & Development function conducts the survey and oversees improvement actions.

Policy and link to more information

• Ørsted QHSE policy
• Anti-bullying and harassment policy
• Stress policy
• ESG performance report, section 5.1
• ESG performance report, section 5.1 and 5.4
• WHO Healthy workplaces: A model for action
• ISO 45001
• N/A

Examples of partnerships and collaborations

• Employee Assistance Programs (EAPs) or private health insurance providers are available to all employees.
• N/A

Targets and indicators

Total recordable injury rate (TRIR) per million hours worked

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3.6</td>
<td>3.0</td>
<td>2.5</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Employees experiencing stress (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>77</td>
<td>78</td>
<td>77</td>
</tr>
</tbody>
</table>

Target top 10%
**16. Good business conduct**

- **Sustainability challenge:** Business ethics and transparency
- **Our approach:** We have zero tolerance of all forms of bribery, corruption, and libel/slander, given or received, direct or indirect. Adherence to our good business conduct is a key focus, both internally and with our business partners, and is promoted through policies, procedures, and reporting mechanisms.

- **Our progress:**
  - We have continued to develop our reporting of tax practices in our annual report, inspired by the new indicator CR1207.
  - We have engaged in dialogue with the Danish government and the Danish Ministry of Taxation on the detailed implementation of new OECD rules, with OECD on Pillar II, with HMRC in the UK on revised transfer pricing documentation requirements, and with various NGOs in the Tax Dialogue Framework.
  - We are aligned with best practices in the countries where we operate, including the UK Bribery Act and the US Foreign Corrupt Practices Act, and are in dialogue with the Danish government regarding the so-called Pillar II work, where we still have some concerns on the interpretability of the proposed global minimum tax and deferred taxes and US tax credits.
  - We have a head of tax who was ranked the best in-house tax director in EMEA by International Tax Review for being a leading voice on tax and sustainability. We were also ranked best company in Denmark on tax transparency and governance by the Danish magazine Økonomisk Ugebrev.

- **Actions for the future:** We will continuously strive to improve our compliance set-up to meet regulatory obligations as effectively as possible, whilst aligning with best practices in the countries where we operate.

- **Policy and link to more information:**
  - Good business conduct policy
  - Code of Conduct
  -❨Global Global tax policy
  - ESG performance report, section 6.5
  - Annual report, pp. 35 and 76

- **International frameworks of reference:**
  - Anti-corruption regulations in the countries where we operate, including the UK Bribery Act and the US Foreign Corrupt Practices Act
  - OECD Guidelines for Multinational Enterprises
  - OECD BEPS and Pillar I and Pillar II
  - EU Directives, e.g. ATAD, DAC6, and CRD5
  - Applicable local and international tax legislation

- **Examples of partnerships and collaborations:**
  - Confederation of Danish Industry's Anti-Corruption Working Group
  - The Danish Confederation of Enterprises' Tax Panel
  - The Tax Dialogue

- **Societal challenge:** Sustainable finance
- **Our approach:**
  - We exclusively deploy green and sustainable finance to advance our green transformation and renewable energy build-out, and we align our reporting with recognised ESG frameworks and ratings.

- **Our progress:**
  - For the first time, we have issued a sustainability-linked revolving credit facility (RCF) together with 17 participating banks and Nordea Bank as coordinator and agent, whereby our sustainability performance will have direct financial effects. The RCF is linked to two strategic sustainability KPIs: namely our science-based target for carbon reductions and our taxonomy-eligible green investments (CAPEX).
  - We have reported on our taxonomy-eligible activities, which will provide investors and other stakeholders with a uniform approach for assessing the sustainability of our activities.
  - We have continued our green debt financing by allocating proceeds of DKK 31.7 million to eligible green bond projects.

- **Actors for the future:**
  - Continue to use only sustainable financing instruments for all future financing and align business activities and reporting with relevant ESG frameworks such as the EU taxonomy.

- **Policy and link to more information:**
  - Annual report, pp. 17 (EU taxonomy) and 21 (Sustainability section)
  - ESG performance report, pp. 10 and 42 (EU taxonomy and TCFD frameworks)
  - Global tax policy
  - Green bond impact report

- **International frameworks of reference:**
  - EU Sustainable Finance Taxonomy activities
  - TCFD recommendations
  - Green Bond Principles - ICMA
  - Green Loan Principles - ICMA

- **Examples of partnerships and collaborations:**
  - Chairmanship of Eurelectric and European Federation of Energy Traders’ working group on sustainable finance
  - Corporate Forum on Sustainable Finance
  - Nabors ESG Data Portal

- **Sustainable finance**
- **Our approach:**
  - To reach the goals of the Paris Agreement, the energy sector must double its annual investments in renewable energy towards 2050 as a minimum. Mobilisation of institutional and private capital is necessary to tackle this challenge.

- **Our progress:**
  - We exclusively deploy green and sustainable finance to advance our green transformation and renewable energy build-out, and we align our reporting with recognised ESG frameworks and ratings.

- **Actors for the future:**
  - Continue to use only sustainable financing instruments for all future financing and align business activities and reporting with relevant ESG frameworks such as the EU taxonomy.

- **Policy and link to more information:**
  - Annual report, pp. 17 (EU taxonomy) and 21 (Sustainability section)
  - ESG performance report, pp. 10 and 42 (EU taxonomy and TCFD frameworks)

- **Examples of partnerships and collaborations:**
  - Chairmanship of Eurelectric and European Federation of Energy Traders’ working group on sustainable finance
  - Corporate Forum on Sustainable Finance
  - Nabors ESG Data Portal

**17. Responsible tax practices**

- **Sustainability challenge:** Responsible tax
- **Our approach:** By paying tax and supporting international tax reform, companies contribute to a development of the societies where they operate as well as the creation of well-functioning tax systems and stable institutions conducive to business.

- **Our progress:**
  - We are transparent in our tax reporting and voluntarily disclose country-specific information on our tax position in our annual report. We aim to comply not only with the law, but also with the underlying intent to ensure that paying the right amount of tax in the countries where we operate. We engage with stakeholders and cooperate with the authorities in the markets where we operate to support effective tax systems.

- **Actions for the future:** To meet increasing compliance and reporting requirements, we will maintain a focus on transparency and accountability in tax payments and reporting.

- **Policy and link to more information:**
  - Good business conduct policy
  - Code of Conduct

- **International frameworks of reference:**
  - OECD BEPS and Pillar I and Pillar II
  - EU Directives, e.g. ATAD, DAC6, and CRD5
  - Applicable local and international tax legislation

- **Examples of partnerships and collaborations:**
  - Confederation of Danish Industry’s Anti-Corruption Working Group
  - The Danish Confederation of Enterprises’ Tax Panel
  - The Tax Dialogue

- **Societal challenge:** Sustainable finance
- **Our approach:** To reach the goals of the Paris Agreement, the energy sector must double its annual investments in renewable energy towards 2050 as a minimum. Mobilisation of institutional and private capital is necessary to tackle this challenge.

- **Our progress:**
  - We exclusively deploy green and sustainable finance to advance our green transformation and renewable energy build-out, and we align our reporting with recognised ESG frameworks and ratings.

- **Actors for the future:**
  - Continue to use only sustainable financing instruments for all future financing and align business activities and reporting with relevant ESG frameworks such as the EU taxonomy.

- **Policy and link to more information:**
  - Annual report, pp. 17 (EU taxonomy) and 21 (Sustainability section)
  - ESG performance report, pp. 10 and 42 (EU taxonomy and TCFD frameworks)
  - Global tax policy
  - Green bond impact report

- **International frameworks of reference:**
  - EU Sustainable Finance Taxonomy activities
  - TCFD recommendations
  - Green Bond Principles - ICMA
  - Green Loan Principles - ICMA

- **Examples of partnerships and collaborations:**
  - Chairmanship of Eurelectric and European Federation of Energy Traders’ working group on sustainable finance
  - Corporate Forum on Sustainable Finance
  - Nabors ESG Data Portal

**18. Sustainable finance**

- **Sustainability challenge:** Sustainable finance
- **Our approach:** To reach the goals of the Paris Agreement, the energy sector must double its annual investments in renewable energy towards 2050 as a minimum. Mobilisation of institutional and private capital is necessary to tackle this challenge.

- **Our progress:**
  - We exclusively deploy green and sustainable finance to advance our green transformation and renewable energy build-out, and we align our reporting with recognised ESG frameworks and ratings.

- **Actors for the future:**
  - Continue to use only sustainable financing instruments for all future financing and align business activities and reporting with relevant ESG frameworks such as the EU taxonomy.

- **Policy and link to more information:**
  - Annual report, pp. 17 (EU taxonomy) and 21 (Sustainability section)
  - ESG performance report, pp. 10 and 42 (EU taxonomy and TCFD frameworks)
  - Global tax policy
  - Green bond impact report

- **International frameworks of reference:**
  - EU Sustainable Finance Taxonomy activities
  - TCFD recommendations
  - Green Bond Principles - ICMA
  - Green Loan Principles - ICMA

- **Examples of partnerships and collaborations:**
  - Chairmanship of Eurelectric and European Federation of Energy Traders’ working group on sustainable finance
  - Corporate Forum on Sustainable Finance
  - Nabors ESG Data Portal

**19. Information and cyber security**

- **Sustainability challenge:** Information and cyber security
- **Our approach:** As information and cyber security threats increase, companies must understand the associated risks and continue to improve security to protect critical infrastructure and important information assets.

- **Our progress:**
  - We exclusively deploy green and sustainable finance to advance our green transformation and renewable energy build-out, and we align our reporting with recognised ESG frameworks and ratings.

- **Actors for the future:**
  - Continue to use only sustainable financing instruments for all future financing and align business activities and reporting with relevant ESG frameworks such as the EU taxonomy.

- **Policy and link to more information:**
  - Annual report, pp. 17 (EU taxonomy) and 21 (Sustainability section)
  - ESG performance report, pp. 10 and 42 (EU taxonomy and TCFD frameworks)
  - Global tax policy
  - Green bond impact report

- **International frameworks of reference:**
  - EU Sustainable Finance Taxonomy activities
  - TCFD recommendations
  - Green Bond Principles - ICMA
  - Green Loan Principles - ICMA

- **Examples of partnerships and collaborations:**
  - Chairmanship of Eurelectric and European Federation of Energy Traders’ working group on sustainable finance
  - Corporate Forum on Sustainable Finance
  - Nabors ESG Data Portal

**20.0 Global corporate income tax paid in 2021 (DKK billion)**

- **2020**
  - 1.3

- **2021**
  - 1.4

**66 %**

**80 %**

**99 %**